

1 AN ACT concerning insurance.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 107a.06 as follows:

6 (215 ILCS 5/107a.06)

7 Sec. 107a.06. Pool administration.

8 (a) An application for Certificate of Authority to
9 establish a pool must include the documentation and
10 information regarding its administrator, pooling agreement,
11 plan of operation, and membership required by this Section.

12 (b) Administrators must disclose all of the following:

13 (1) Biography of the risk manager on forms
14 prescribed by the Director.

15 (2) If a corporation, biographies of all officers
16 and directors.

17 (3) The size of staff and other information, such
18 as the kinds of staff positions, location of
19 administrative offices and the nature of any electronic
20 data processing equipment, if any, available for
21 servicing the pool, to demonstrate that the administrator
22 has the resources to administer the program disclosed
23 pursuant to subsection (d).

24 (4) The most recent financial statement of the
25 administrator. If a publicly held company, a copy of the
26 last 10-K filed with the Securities and Exchange
27 Commission.

28 (5) The compensation contract of the administrator.

29 (6) The bylaws of the pool and articles of
30 incorporation, if any.

31 (7) Any agreement that subcontracts any of the

1 administrator's duties or responsibilities.

2 (c) A pooling agreement must contain all of the
3 following:

4 (1) A description of the services to be provided by
5 the administrator.

6 (2) The manner in which costs are to be apportioned
7 by the administrator.

8 (3) The initial premium deposit.

9 (4) The assessment provision.

10 (5) The termination provisions and minimum term of
11 membership, which minimum term of membership shall not be
12 less than one year.

13 (6) The duration of liability for additional
14 assessments following termination of membership, which
15 shall be for a period of not less than 3 years.

16 (7) The prerequisites for membership.

17 (8) A provision stating that a claim shall be paid
18 by the pool, regardless of the size of the claim, and
19 that the pool shall be reimbursed by the employer for any
20 amounts required to be paid by the employer under the
21 agreement.

22 (8.5) A provision stating that if an employer
23 refuses to reimburse the pool, then the pool may
24 discontinue its obligations under the agreement, the pool
25 trustees may direct the pool's service company to
26 discontinue its service obligations regarding the
27 employer, and an assessment levied by the pool trustees
28 for the purpose of seeking reimbursement shall be
29 considered to be prima facie correct.

30 (9) A provision stating that the terms of
31 termination after the first year of pool membership shall
32 be dictated by the pooling agreement.

33 (10) If a pooling agreement requires a member to
34 submit written notice in order for the member to withdraw

1 from a qualified pool, then the period in which the
2 member must provide the written notice cannot be greater
3 than 90 days.

4 (d) Plans of operation must disclose all of the
5 following:

6 (1) A listing of initial members.

7 (2) The aggregate loss history of initial members
8 for each of the last 3 years.

9 (3) The amount of the net retention of the pool and
10 a list of reinsurers.

11 (4) The names of all entities that will provide
12 services for the pool and copies of proposed contracts in
13 connection those services.

14 (5) The safety and loss control programs to be
15 provided or required.

16 (e) The application must contain information about
17 initial members specified on forms prescribed by the
18 Director.

19 (f) The application must contain the combined loss
20 experience for the group for the last 3 years and any other
21 financial data required by the Director.

22 (g) A pool administrator's original books and records
23 relating to the operations of the pool shall at all times be
24 located within the State of Illinois.

25 (h) Any change of the pooling agreement, bylaws, plan of
26 operation, reinsurance agreements, or membership shall be
27 delivered to the Director within 30 days after the amendment
28 or change.

29 (i) A pool trustee must be an employee, officer,
30 director, or owner of a pool member.

31 (Source: P.A. 91-757, eff. 1-1-01.)

32 Section 99. Effective date. This Act takes effect upon
33 becoming law.